

JPRS 78562

23 July 1981

# West Europe Report

No. 1788



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

23 July 1981

## WEST EUROPE REPORT

No. 1788

## CONTENTS

## THEATER FORCES

## FRANCE

- Views on Civil Defense, Nuclear Deterrence Detailed  
(Maurice Leman; STRATEGIE & DEFENSE, May 81)..... 1

## ECONOMIC

## SPAIN

- Labor Accord, Economic Policies Described  
(Jesus Martinez Vazquez, Jose Antonio Roca; ACTUALIDAD  
ECONOMICA, 18 Jun 81)..... 13
- Foreign Investment Up, Will Keep Rising  
(ACTUALIDAD ECONOMICA, 25 Jun 81)..... 19

## TURKEY

- Mumcu Examines Public Sector Ills  
(Ugur Mumcu; CUMHURIYET, 11 Jun 81)..... 21
- New Directive Issued on Prepaid Tax  
(CUMHURIYET, 11 Jun 81)..... 23
- Large Potential for Trade With Saudi Arabia Reported  
(MILLIYET, 16 Jun 81)..... 24
- Muslim Countries Award Contracts to Turkish Firms  
(TERCUMAN, 16 Jun 81)..... 25

Large Increase in TIR Traffic Reported (Yalcin Egilmez; TERCUMAN, 17 Jun 81).....	26
Creation of Tax Police Organization Proposed (Rafet Genc; MILLIYET, 11 Jun 81).....	27
Civaoglu of 'MILLIYET' Discusses EEC Membership Issue (Guner Cavaoglu; MILLIYET, 11 Jun 81).....	29
Private Sector Reportedly Supports Entry Into EEC (TERCUMAN, 17 Jun 81).....	31
Aliaga-Nemrut To Become Industrial Subcenter (CUMHURIYET, 11 Jun 81).....	33

#### POLITICAL

##### FEDERAL REPUBLIC OF GERMANY

Growing Pacifist Belief Reagan Reluctant To Negotiate Arms (Jean Roussel; LE SOIR, 23 Jun 81).....	34
---	----

## VIEWS ON CIVIL DEFENSE, NUCLEAR DETERRENCE DETAILED

Paris STRATEGIE & DEFENSE in French May 81 pp 23-27

[Article by Maurice Leman: "Civil Defense and Nuclear Deterrence"]

[Text] The clamor and publicity raised about nuclear bomb shelters some time ago are distressing. Not that they are talked about, but rather because of the way they are talked about, being presented suddenly as the complementary and indispensable elements of nuclear deterrence.

Nothing, though, is less evident than the purported necessity of launching a vast program of shelter construction. After all, nothing is said about the immense dangers to the civilian populations of the immense stocks of chemical and biological weapons held by the Warsaw Pact forces, against which, in the present state of affairs, there is no effective protection.

Three questions arise with regard to the advisability of a civil-defense policy consisting in construction of collective nuclear-bomb shelters:

- the cost-effectiveness of such a project;
- evaluation of the risks to which France exposes itself in carrying out a strategy of deterrence of the strong by the weak;
- the compatibility of a civil-defense policy with our concept of deterrence.

The second and third questions are at the heart of the matter, and to date have hardly been subjected to any serious thinking that integrates the context in which they must be posed: what would the impact of nuclear-bomb shelter construction be on deterrence?

Regarding the first question, which is of a technical and economic nature, a difficult problem is obviously concerned, study of which requires considerable means of computation on the basis of information--effects of nuclear weapons, resistance of materials, etc--which is not in the public domain. It is nevertheless possible, without a great deal of speculation, to dispute the soundness of such a policy.

#### Ruinous and Uncertain Protection

The small size of our territory and the dense urban concentrations that have been created in it make it, a priori, very vulnerable to a massive nuclear attack. Some 50 devices with power on the order of 1 megaton, representing a very small fraction--

less than 1/100--of the Soviet nuclear potential, would suffice to annihilate nearly all of the cities of more than 100,000 population. With a "judicious" distribution of these 50 bombs among the 33 largest French cities, whose populations range from the Paris metropolitan area--population 8.5 million--and Limoges--population 160,000--about 20 million persons and nearly 50 percent of French property would be threatened with extinction. It is pointless to go any farther in this enumeration: with a few dozen 100-kiloton devices hitting the medium-size cities such as Besancon, Belfort, Amiens, etc, France would be transformed into an immense field of ruin.

To protect the population effectively from the mechanical effects of such an attack, about 10,000 collective shelters with an average capacity of several thousand persons would have to be built to a depth of more than 100 meters. For each of these shelters, several evacuation galleries of different lengths should be provided, so that those in them could be evacuated and not be buried alive under the debris of the buildings destroyed. If we further consider that these shelters would have to be equipped to permit the survival of those in them for several days, we perceive the immensity of the task to be accomplished and the costs--on the order of several hundred billion francs, representing the price of a hundred SNLE's [Missile-Launching Nuclear Submarines]--to be borne in order to carry it out.

Supposing, nonetheless, that such a program is carried out, the problem then arises of the conditions under which the populations would be led to take refuge in the shelters. The question that comes immediately to mind is how much advance notice they would have to leave their workplaces or homes. In function of the different possibilities as regards the time of ballistic flight of the missiles and the coordinates of the launching positions, the periods could be very brief, on the order of a few minutes--on condition that the departures of the strikes are observed, and the information is transmitted to the various urban centers almost instantaneously. As for use of makeshift shelters in the big cities--cellars, underground garages, subway tunnels, etc--to protect the city-dwellers from the radioactive effects of nuclear explosions, one might effectively envision it if this kind of shelter were capable of resisting the mechanical effects of these explosions, which obviously not the case, and most of the persons in them would die crushed under the debris. As for the shelters far enough from point zero of the explosion to escape destruction, has it been considered that they would be without electricity and water because of the damage to the distribution systems, even though the occupants would have to remain in them for several days, in an enclosed atmosphere, while waiting for the outside radioactivity to drop to normal again? Those who might have found refuge in them would be condemned to die from asphyxiation, not to mention the panic reactions that would surely arise among the crowds subjected to terribly shocking living conditions, on the physical and psychological levels. Regrouping the populations to protect them from the nuclear danger means, without a doubt, exposing them to uncontrollable phenomena of collective hysteria.

As one sees, the problem, though simple in theory, appears insoluble on the level of the practical modalities of execution. The arguments advanced by certain partisans of nuclear shelters are on the example of foreign countries such as Sweden, Norway and Switzerland. This is to ignore the fact that the degree of urbanization of these countries, their population density and their topography lend themselves to passive civil defense such as it is, in some respects, possible to envision in France in certain mountainous massifs and for small localities.



Without devoting colossal sums to it, or selecting the citizens to be protected--as the Soviet Union seems to be doing with the dignitaries of the CPSU--and on the assumption of carrying out a tight regimentation and education of the population in peacetime--which would certainly excite unfavorable reactions in public opinion--it is not in the interest of France to launch into a collective civil-defense program. In a country with an especially well-developed egalitarian mentality, it would even be disastrous, for obvious psychological reasons, for certain cities to protect their populations while others--the majority--refrained from doing so for lack of means. Sooner or later, some persons would not fail to hold the public authorities responsible for this state of affairs, and one can easily imagine the low quality of the arguments that would certainly develop regarding this insoluble problem.

#### Organized Evacuation of the Populations Is Possible

If one really proposes to save our fellow citizens from the effects of a massive nuclear attack, the only approach that can be considered would be evacuation of the populations of the densely populated zones to the regions with thin population. As it happens, France has the advantage of a vast land area in relation to the number of its inhabitants. This is an advantage which most neighboring countries do not have, and which it is doubtlessly possible to make use of. It also happens that our sociological structure is such that most of the French are a generation or two away from their rural roots and have ties to a close relative, a country-dweller or retired person, somewhere in the French "desert." Finally, it happens that an average distance of some 100 kilometers separates the big overpopulated metropolitan areas from nearly empty regions, as if the former had sucked out the substance of the latter. So it is with Paris, surrounded, within a radius of 150 kilometers, by a dozen predominantly rural departments--but also with Lyon, very close to the Auvergne; Marseilles, a few hours by car from the Alps of Haute-Provence; or the Lozere, Bordeaux, Toulouse, Strasbourg, etc. How could one help but think of making use of this demographic gradient which would make it possible to get the 20 million most highly exposed French out of the way in less than a day? Of course this vast migration would have to be organized, then coordinated. For this purpose, it is essential to know the place of residence and the possible places of withdrawal for each citizen, and to process all these data so as to determine itineraries and a staggering of departures. A general collection of these data could be carried out, and then data-processing, the immense possibilities of which in this area are well-known, would come to the aid of the civil-defense services responsible for setting up this vast plan. After organization of the survey, a year of studies would doubtlessly be necessary for reaching a solution. In any case, it would have the merit of taking into account the sociological, geographic and historical factors of our demographic milieu, of utilizing the facilities of modern data-processing, and finally, of not entailing additional expenditures. Moreover--and this is a capital point--the arrangement adopted could be tested in full scale on the occasion of weekend departures and revised in function of the information acquired.

The disadvantage of this solution lies in the fact that it does not meet the hypothesis of a nuclear attack on our territory out of the blue--quite an unlikely hypothesis, for that matter--and the fact that in case of crisis the political authorities would have to make quite an early decision to evacuate the populations. On the other hand, if, in certain circumstances, such a measure were taken a few hours before the president of the republic was led to threaten an aggressor with massive reprisals, it could take the form of a spectacular gesture that could impress the enemy and thus help strengthen the psychological credibility of deterrence.

We are thus discovering the close overlaps between nuclear deterrence and civil defense, with both aimed, in the last analysis, at protecting our territory from major aggression, mainly by nuclear attack, by either preventing it or attempting to minimize its effects. Thus, at first sight, these two modes of protection are complementary, with the second reinforcing the first. Haven't many politicians, many journalists, said so or written so? In reality, things are not so simple as appears, and there is reason to go deeper into the problem.

The technical credibility of deterrence obviously depends on the quantity of damage that the deterrer is capable of inflicting on the deterred, and it is obvious that this quantity is an increasing function of the number and quality of the weapons one possesses. One immediately sees the financial constraints appearing: if the development of a civil-defense program were to compromise the nuclear-weapons fabrication programs, a choice would have to be made.

As for the psychological credibility of deterrence, it should not be affected by civil-defense policy, no matter what its nature, for in the eyes of a possible aggressor, the idea he has about what one would be able to do with the weapons one has counts just as much as what he knows about the power of those weapons. We are thus led to ask what risks are run by a nuclear power who tries to deter another one, especially when this other power has a nuclear arsenal capable of destroying the former a hundred times over. For deterrence is not without risks to defense--risks which, if they are prohibitive, can only help deter the deterrer from threatening--that is, from neutralizing it. Thus, if it appears that a civil-defense policy makes it possible to minimize the risks taken by the deterrer in the exercise of his strategy, the credibility of the deterrence is thereby strengthened. In such case, one can very well tolerate a decrease in the technical credibility of deterrence resulting from a civil-defense policy if, in counterpart, this policy helps decisively to strengthen its psychological credibility.

As one sees, the problem is a complex one, and to solve it, it is essential first of all to recall the French concept of nuclear deterrence and to put it in its place within the problematics of our defense policy.

#### A Concept of Indisputable Logic

Our country, which rejects war as a "continuation of politics by other means," has chosen to prevent it. To this end, renouncing the idea of opposing an invading army by the raising of an army capable of breaking the enemy offensive in a battle whose outcome would still be uncertain, France threatens an eventual aggressor with inflicting on it, in reprisals on its soil, losses in human lives and material property greater than the benefit expected from its bellicose initiative. If the potential enemy is fully convinced that we will not hesitate, if need be, to carry out our threat, he must in all logic renounce the idea of launching into an adventure which would result either in his losing face in the eyes of international opinion or his taking up the challenge, running the risk of suffering destruction with disastrous consequences. Such, in brief, is the French concept of so-called weak-against-strong deterrence, proceeding from a thoroughly Cartesian approach and therefore implicitly postulating reasonable conduct on the part of the statesmen.

Thus, to refer to the examples of Sweden, Norway and Switzerland adduced by the partisans of construction of nuclear shelters and the fact that the superpowers, the USSR in particular, also purpose to protect their urban populations from the effects



of nuclear weapons is to misunderstand the foundation of the French doctrine of deterrence: whereas Sweden, Switzerland and Norway practice a sort of passive deterrence by taking measures for protection of their populations that would make a nuclear attack on their cities ineffectual, France practices active deterrence by making major aggression against its territory irrational, because such aggression would probably cost the aggressor more than it would pay him. These are two different attitudes that follow from strategic choices that have the same end purpose but differ greatly in the ways and means chosen to achieve them.

#### Interconnected Guarantees and Risks

Nuclear attack on territories whose populations would enjoy almost complete invulnerability thus seems at first sight as absurd as an attack of the same kind against a country not protected but capable, on the other hand, of inflicting on the aggressor a chastisement as terrible as the offense. But we must go farther in our reasoning: striking unarmed but sheltered populations amounts to a waste of missiles, whereas taking on a country that has nuclear weaponry but whose populations are not sheltered amounts, of course, to using up missiles to inflict losses on it, but also to exposing oneself to mortal reprisals.

In the first case, the aggressor runs no risk; in the second case, by exterminating the deterrer's human lives he exposes himself to a counterattack of the same type: this is the law of an eye for an eye, the credibility of which is scarcely to be doubted. And one can hardly imagine a statesman, unless he has gone mad, exposing his country to such a vengeance.

Thus it can be stated that in our concept of weak-against-strong deterrence, if the question is to protect the territory from nuclear attack, the construction of shelters is superfluous, and will remain so for as long as France has an invulnerable second-strike capacity.

It remains to examine the hypothesis in which the small threatens the big with the same punishment in response not to a massive attack by nuclear weapons but to an attempted invasion of its territory. In this case, one can imagine three possible reactions on the part of the aggressor:

- he takes the threat seriously and halts his aggression: deterrence has succeeded, and nuclear shelters would be of no use;
- or he goes ahead and strikes the deterrer's territory. This hypothesis brings us back to the case of a preemptive nuclear attack, the irrationality of which was demonstrated above;
- or, not taking the threat into consideration, he persists and continues with the invasion of the territory of the small power, which then has a choice between renouncing the execution of its threat--and in such case the nuclear shelters are again of no usefulness--or going on to execute it. In this latter scenario, the aggressor is in turn faced with the following dilemma: either, having taken the small power's strikes, picking up the profits--that is, proceeding with the conquest of the coveted territory (and here again, the shelters are of no use)--or else carrying out nuclear counter-reprisals against the territory that it intended to conquer. It is obviously on this last hypothesis, and on it alone, that construction of shelters would prove to have been useful, but on condition that they had been designed, and are sufficiently numerous, to protect the populations effectively.

But before we go farther in our analysis, it is important to take cognizance of the improbability, despite appearances, of the reaction of a big power carrying out a massive counter-reprisal against our cities after having put our country in the position of having either to capitulate or carry out its threat, and, having effectively absorbed our counterstrikes, gratuitously destroying us from a simple spirit of vengeance, instead of seizing our territory intact.

If a state militarily more powerful than ours decided one day to conquer our territory, it is unimaginable that it would do so without having evaluated the losses and gains to be expected from its aggression. It could not help but have considered the plausible hypothesis that France, threatened with invasion, after having fought and lost an unequal conventional battle, would as a last resort carry out its threat of reprisals.

In such a scenario envisioned by the aggressor in the course of the decision-making process that led to his taking the offensive, and thus at a time when the passions ignited by the fury of combat were not obscuring men's judgment, it is scarcely conceivable that a political leader could for an instant dream of destroying the stakes of the conflict, because he would have suffered losses, as heavy as they might be, before taking possession of them.

The truth is that the potential aggressor knows with good precision the damage that we are capable of inflicting on him by our nuclear capacity, and in the present world situation he assigns a certain cost to the stakes--France.

It is up to our political leaders to judge this value that we represent in his mind, and it is up to the strategists then to determine the means we should provide ourselves with in order to deter him. Therefore, failure of our deterrence could be the penalty only of an error of judgment:

--either by the deterrer--that is, ourselves--as the result of poor estimation of the stakes that we represent;

--or by the deterred, not taking our threat of reprisals into consideration: this is the whole problem of the psychological credibility of weak-against-strong deterrence, the problem that lies at the heart of the debate.

In the former case, the enemy would invade our territory while accepting in advance the loss of a certain number of his big cities in counterpart for the benefit he would draw from the conquest of our country and the submission of its population. In the second case, having suffered intolerable devastation, one does not see what mental process would lead him to give up the idea, while so close to his goal, of seizing the stakes of the conflict intact.

Thus, weak-against-strong deterrence does not rest, as some assert, on a bet, but rather on a logical postulate whose validity can be disputed not as an antidestruction strategy but as an anti-invasion strategy, by reason of the psychological factor that conditions it.

If it is a matter of deterring an eventual aggressor from massive extermination of our civilian populations, it is infinitely more effective to threaten his populations with the same fate than to put ours into shelters. If it is only a matter of deterring the same aggressor, not from destroying our territory but from invading it, one may challenge the principle that the French strategy of anti-city reprisals offers ab-

absolute guarantees, but one can scarcely dispute the fact that construction of shelters would be ineffective, for if this strategy failed, the population, whether sheltered or not, would in any case be enslaved by the invader.

When all is said and done, the shelters give uncertain and limited protection, for a very high cost, against a danger that has low probability of occurrence and is already covered by deterrence, and they do not protect at all against the risk of invasion, which is the greatest probability. One might then be tempted to conclude at once that they are useless; but this would be to neglect a study of the third aspect of the problem: what might be the impact of a civil-defense policy on the credibility of deterrence?

### The Two Theses

The preceding pages have already presented the two divergent theses regarding the implications of a civil-defense policy for the strategy of nuclear deterrence. It has been demonstrated that there is no difference in kind in the end purposes of the two concepts; deterrence, by seeking to discourage another party from carrying out a major aggression against our territory, indisputably ensures the physical protection of the citizens: nuclear deterrence has been from the beginning, and remains, a civil-defense strategy.

But deterrence is not the only way of ensuring the defense of the citizens, and an effort to protect them by the construction of shelters or by evacuating them from zones considered probably targets is a more peaceful means of achieving perhaps the same result, but not, in any case, of saving our territory from invasion. Since two guarantees are better than one in the matter of assurance--and assurance is certainly the question--the idea of joining nuclear deterrence and passive defense within a double-security defense system should not be rejected out of hand.

This is the thesis maintained by the partisans of passive defense who present the nuclear shelters as the indispensable complementary elements without which deterrence would lack credibility. Their reasoning starts from the fact that a small power, in threatening a big one, takes the risk either of a preemptive attack or of an attack in revenge. We have shown how the first reaction is improbable, because of the small power's second-strike capability, and how the second is irrational because it would lead the big power to abandon the seizing of the stakes for the conquest of which it has accepted the risk of suffering losses. Nevertheless, no one can declare that political officials always act with the detached logic of a computer program, and the possibility of the force of passions carrying the day is not nil.

But the apocalyptic dimensions of the catastrophe that would result for the small power cannot but stimulate it to circumspection in its threat of reprisals. At the last moment, there is the risk that the supreme decider, measuring the possible consequences of his act for the national collectivity, might see his will weaken. In addition, the population, having the feeling of not being protected against the effects of a possible nuclear reaction by the enemy, might be seized with panic and put pressure on the president to renounce the brandishing of the supreme weapon; and this is the failure of deterrence. But on the contrary, if the provisions have been made for the deterrer's human lives to be spared, the president should not, when the time comes, hesitate to exercise his responsibilities. It is this idea that a Soviet marshal expressed when he declared, in substance: "We will believe in your deterrence when you have shelters to protect your populations." This is a well-founded thesis,

with all due respect to the theoreticians of hard-boiled deterrence. It would collapse if the "button" were commanded by a programmed robot, insensitive to the sirens of despair. Such is not the case, and no one can say that the president, whoever he may be, is immune to the weaknesses inherent in human nature. Weak-against-strong deterrence is an intellectual construct of perfect rigor, and no doubt all the personnel responsible for putting the means into use are ready to obey; but all this immense edifice rests on the will of a single person. It is this that in fact constitutes both its power and its fragility.

The opposing thesis has an implacable logic going for it. Deterrence is aimed at preventing war, and in particular, extermination of the civilian population by nuclear attack on the national territory. If at the same time that one professes this theory and provides oneself with the means to give it concrete form, shelters are built to protect the citizens from the effects of such an attack, isn't one admitting that one doubts the validity of the deterrent posture that one has adopted? And since, in such circumstances, it is a matter of persuading a possible aggressor to abandon the idea of picking a quarrel with us, how can one pretend to be achieving this purpose while by our own attitude we are showing the fears that one experiences with the failure of deterrence? The potential aggressor then has grounds for believing that the deterrer knows that if the challenge is made against him, he will hesitate to brandish the threat of reprisals.

Thus deterrence is only a bluff, the deterred is not fooled, war is therefore possible, it must be prepared for, and in particular, the country must be protected from a massive nuclear attack, and this is why passive defense of the populations is required.

Deterrence is founded above all on one man's unshakable resolve to trigger the apocalypse if need be: liberty or death. Anything that leads the deterred to believe that this resolve is only an insubstantial facade, and that after all, between liberty and death there is a middle way, that of slavery--since the deterrer, by sheltering his citizens, is trying to deliver them from their situation as hostages condemned to death--harms the psychological credibility of deterrence and consequently increases the risks of conflict.

By an obscure harmony of things, it seems that passive civil defense contributes a real security that it withdraws from deterrence's capital of credibility.

And this capital fritters away as the possibility of survival increases with the number of shelters. If the mass of citizens is ultimately persuaded that civil defense gives it a guarantee of not being exterminated, then public opinion will not hesitate to demand abandonment of nuclear weaponry, which would then have become ineffectual and which, moreover, is dangerous to handle. So much the worse for the risks of invasion--isn't the essential thing to get out of the Manichean dilemma? Yes to slavery, so long as one no longer need run the risk of dying in order to remain free.

A clear decision has to be made as between these two opposed hypotheses.

The most dangerous hypothesis for our survival is not necessarily the most probable one, and among the direct military threats that weigh on our national destiny, the one that should be provided against on a priority basis is invasion of our sanctuary by the forces of the Warsaw Pact, and not the vitrification of it. Now vis-a-vis



this danger, passive civil defense is of no help. Nuclear deterrence remains, and will doubtlessly be for a long time, the strategy best adapted to the range of direct military threats with which we are confronted. Its technical capacity must therefore be maintained, which implies sizable investments that are incompatible with development of a national program of effective passive defense.

The choice is therefore clear. It has to be explained to our fellow citizens straightforwardly, so as to cut short the misleading slogans of the merchants of illusion who are ready to exploit the credulity of the masses, and to prevent the development of a campaign that would be inopportune and unhealthy for national cohesion.

On the other hand, and because a generalized debacle--1940 is not so long ago!--would have disastrous consequences for the credibility of our deterrence, it is essential to work out a plan for withdrawal of the populations in such a way that their evacuation would be orderly and not carried out in an improvisational way that would generate panic. This does not mean that in case of conflict they would automatically be evacuated; it would be up to the political authorities, in function of the nature and level of the aggression, to take as necessary the passive defense measures that the situation would impose. This has to be thought about and prepared for in peacetime, coolly; under fire, it would be too late.

#### True Civil Defense

Let us not be late for a war again. True civil defense, in today's world, does not consist solely in protecting the lives and goods of our fellow citizens--that is what deterrence is for; rather, it means arming minds to enable them to resist the ideological and psychological warfare that has already begun. It is being waged every day on the planetary scale, and the democracies, including France, are its permanent target. In their candor and unawareness, they have believed that peaceful coexistence would constitute the first fruits of an era of idyllic peace and general prosperity. The Soviet Union, though, through the doctrine of its political system, the text of its Constitution and the speeches of its leaders, had set the tone. "The external policy of the USSR is aimed at...supporting the peoples struggling for their national liberation and social progress," one reads in Chapter IV of its new Constitution. Mikhail Suslov, the eminence grise of the party, prophesies "the triumph throughout the entire world of Marxism-Leninism, of socialism and communism, the world revolutionary process of which is irreversible." Finally, Marshall Shaposhnikov, a devotee of Clausewitz, has written: "If war is the continuation of politics with the sole difference of a change of means, peace is the continuation of combat, likewise characterized by the sole fact of a change of means."

But the Western countries seem surprised today by what they consider to be a change of policy by the Soviet Union, and some still believe that after a few accidents along the way, sincere detente is at the end of the tunnel. This is a tragic illusion which will definitely have to be abandoned one day.

The political program of the USSR is the ideological conquest of the world, gently if possible, by psychological warfare, as insidious as can be, because it breaks down individuals' will to resist, spreading like a cancer in minds and hearts. Its strategy is simple: it is that of indoctrination by the lie, through the ignorance or credulity of individuals. Our fellow citizens are not prepared for warfare of this kind. Furthermore, a whole set of historical and sociological factors predispose a



good number of them to receive favorably certain themes of communist totalitarian ideology. So long as economic prosperity made it possible to give individuals a general and regular increase in their standard of living, it was easy to contain the evil.

Today, the crisis that is hitting the liberal economies constitutes, in the long run, a formidable threat that should be urgently eradicated. Let us recall the great crisis of the 1930's; in Germany, it contributed to the rise of Nazism, which recruited its Storm Troopers and SS partly from among the army of the unemployed. Let us take care, even if history does not repeat itself, lest the same causes produce, if not the same effects, at least similar consequences: disaggregation of the body social as a prelude to the collapse of democratic society. What would then remain of the nation's cohesion for resisting external perils? Thus, civil defense should aim first and foremost at asserting the nation's collective will for national defense by teaching our citizens the methods and means of psychological warfare. In a recent epoch--but who knows this among the younger generations who have not experienced these events and who are ignorant of history?--behind the Maginot line of our illusions, cities, under the pressure of the frightened throngs, were proclaimed "open cities" so as not to have to suffer the devastation of battle; rather slavery than death. If tomorrow, in the course of a serious crisis, our country were threatened by invasion, it would be tragic for the credibility of deterrence if the clamors of a terrified people drowned out the president of the republic's final attempt to warn off an aggressor.

#### True Popular Deterrence

Contrary to an opinion that is too widespread, deterrence is not the affair of specialists only, and its credibility cannot rest on the shoulders of a single person, who, if he were to appear in certain circumstances to be just one man, would lose, vis-a-vis the aggressor, all power of persuasion.

In a democracy, it is up to each citizen to take on a bit of deterrence by being aware of the risks connected with this strategy and agreeing to run them. This is the cost at which, in its essence, even deterrence is identified with civil defense. It is at this cost that deterrence is credible.

At bottom, today as yesterday, the power of weapons is effective only if it is animated by the strength of an unshakable political will and the patriotism of the citizens--the patriotism of which A. de Tocqueville said: "In the entire world, it is only patriotism, or religion, that can make the universal mass of citizens march for a long time toward the same goal. It is not up to laws to reanimate beliefs that are dying out, but it is up to laws to involve men in the destinies of their country."

Within an uncertain universe, subject more than ever to the law of the jungle, since even terrorism is no longer just a means of blackmail between individuals but "the continuation of politics by other means" at the level of international relations, the states remain the actors of the history that is being made each day. Only they count, and it is the loudest or the most violent, who are not always the most powerful, that command the destiny of the world. And whether one regrets it or not, this situation will continue for so long as a world confederation does not impose its universal law on all the countries integrated within it.

Patriotism is the soul of states, the national community's collective awareness that we have a common past on which to base ourselves so as to prepare together for the future of the generations who will succeed us in the land of France, and first of all, the future of our children. This is a heavy responsibility, the task is a difficult one, and a great deal of courage and faith are needed to accomplish it. Let patriotism cease to burn in the hearts of the citizens, and the state is doomed to perish before the nation disappears. Hegemony, protectorate, vassalage, invasion, occupation, annexation--such is the fate to which the peoples who abandon it are sooner or later doomed. Civism, that refined expression of patriotism, is not acquired at birth, it is not contrived; it has to be taught within the family, in the schools, and then in the armed forces. It requires a long and patient apprenticeship from infancy to adult age before it makes everyone a responsible citizen, aware of his rights--and of his duties--within the national collectivity, imbued with the obvious rule of the game by which it is dishonest to demand the former without agreeing to fulfill the latter.

But just as it has eliminated history from the programs of instruction, our educational system has banished civic training from school activities. Worse, the very idea of educating our youth in the perspective of a certain ethic and respect for the rules of a social morality that would express it excites ridicule, if not reproof, among the ranks of an intelligentsia that is on the point of decadence. As for the citizens who do not belong to this thinking class, many have forgotten the elementary truth that one has rights in proportion to one's duties.

Thus, a society made up of irresponsible and of potential defeated persons, in which laxity is king, is breaking down in nearly general indifference. Since replacement of the generations is no longer assured, might the population decline it is suffering not be the symptom of a self-disgust unconsciously leading it to suicide?

But despite its imperfections, our democratic society deserves to be defended. No other political system to date has given individuals more well-being and more liberty. And if a certain social injustice still remains its principal defect, it has nothing, from this point of view, to apologize for vis-a-vis the fascist or communist totalitarian regimes in which the citizens are always aspiring to more well-being and liberty but are always waiting to receive them.

Shouldn't this simple fact--provided that it is known to our compatriots--incite the vast majority of them to defend the Western values if our country were threatened tomorrow? It is therefore necessary to fight the disinformation of public opinion, which is the surest ally of the aware or unaware agents of an overthrow of our society.

France and the West are vulnerable, less from the insufficiency of their military forces than from their lack of political will in the face of Soviet imperialism. And the American protectorate over Europe--solicited by the Europeans themselves, for that matter--is not the least of the reasons for this failure by the Old World to take its destiny in hand again.

Our country, thanks to nuclear deterrence, has escaped this guardianship. This was necessary, but it is not sufficient. By its very essence, deterrence has a demobilizing effect, whereas in order to succeed, it requires the active adherence of the mass of the citizens.

Nuclear deterrence is the fortress of modern times. But history has shown that most fortresses have been surrendered without having been conquered, simply as a result of the collapse of the morale of the people who had taken refuge in them.

Deterrence does not lie in hatred of an enemy any more than civil defense lies in the thickness of the walls of useless shelters, but rather in the invulnerability of spirits; for what material force has ever prevailed against the spirit, what weapon has ever conquered a people who know the values for which they are determined to fight in order to preserve their identity--that is, the right to live as they are, among others, such as they are?

Deterrence that is aimed at protecting the lives and property of the population is a civil defense, but in order to succeed, it must be rooted in the spirit of defense of the French.

Nuclear deterrence and civil defense are all one. Both of them must proceed from the same collective determination by the nation not to submit.

There is nothing new under the sun; didn't Thucydides tell us more than 2,000 years ago: "The strength of the city does not lie in its ships or in its ramparts, but in the character of its citizens"?

11/67

CEU/ 1100/789

## LABOR ACCORD, ECONOMIC POLICIES DESCRIBED

Madrid ACTUALIDAD ECONOMICA in Spanish 18 Jun 81 pp 20-23

[Article by Jesus Martinez Vazquez and Jose Antonio Roca: "The Big Move"]

[Text] It was the big economic move of our democracy. In the space of the second week of June, the employment pact was signed, the industrial reconversion decree was issued, and an economic euphoria got the stock market moving again. It was too much for Spain's economy.

The struggle against Spain's economic crisis made a major leap forward during the second week in June with the signing of the second social pact of the democratic era (the first were the 1977 Moncloa agreements), in which employers, unions and the government pledged to join efforts to get the country out of its worrisome situation.

The so-called "employment pact," signed by the CEOE [Spanish Confederation of Business Organizations], the UGT [General Union of Workers], Workers Commissions (CCOO) and the UCD [Democratic Center Union] administration, is basically designed to combat unemployment through a policy of wage restraint and incentives for business investment. Economy and Commerce Minister Juan Antonio Garcia Diaz told ACTUALIDAD ECONOMICA, however, that its scope "will be much greater once the government implements major economic policy measures that will complement the beneficial effects of the recently signed pact."

The tripartite agreement opens the door to a "springtime policy" which could last until the middle of this decade if the UCD remains in power after 1983. All of the parties to the pact are asserting that they have made as many concessions as they could and they all acknowledge that they will have to sit down to talk again in the spring of 1982. Under an agreement that Professor Enrique Fuentes Quintana termed "historic," no one seems willing in principle to issue "blank checks," much less under a conservative administration, as Nicolas Redondo, the secretary general of the UGT asserted.

The "employment pact" has opened the door so that after more than 2 years of political and economic unknown quantities, Spanish businessmen can begin spurring economic activity through investment.

A government observer told this magazine that the pact contained all of the conditions for encouraging businessmen to invest, so that the current labor force can be maintained and so that new job posts are created to the extent possible.

Tax breaks, wage reductions and financing facilities are the three concessions that businessmen secured during negotiations for the employment pact. The first two figure in the text of the pact itself, and the third is apparently a definite government goal.

The acceptance of a 9 to 11 percent range of wage increases for 1982 is not only a demonstration of working people's solidarity with the jobless; it is also a major "move on real wages," according to Fuentes Quintana, and a major cut in wage costs in real terms that will enable business to shore up its battered finances. We must not forget that between 1970 and 1979 the average annual growth of hourly wages in Spanish industry was 23.4 percent, which is quite a bit higher than the successive jumps in the price of energy.

If to wage restraint we add a cutback in Social Security costs and the possibility (announced by Calvo Sotelo to businessmen meeting in Madrid under the auspices of the Association for Management Progress) of a small but significant lightening of the tax burden, we would thus have to conclude that the time has come for businessmen to invest and to respond to a government that, in the final accounting, has heeded the demands that the CEOE has been fighting for for more than 2 years now.

#### Labor Flexibility

Arturo Gil, the president of the CEOE's Labor Relations Committee, told this magazine that "the pact does not include some important aspects of economic policy, such as the cost of money earmarked for investment and the specific way in which the tax burden will be lightened."

Arturo Gil's fears, which the CEOE shares, are unfounded in the judgment of a number of government sources consulted by this magazine. The administration is aware that the "employment pact" means, among other things, a first step towards freeing up the labor market, which business wants so badly.

Subsidies of up to 90 percent of the Social Security contributions of newly hired workers, deterrents against overtime and the acceptance of contingency periods (part-time contracts, apprenticeship or training) are some of the concessions that the labor unions made in exchange for greater control over unemployment funds, their use and a higher profile in a number of State agencies that deal with the world of work. The government's willingness to give the two major Spanish unions, CCOO and UGT, 2.4 billion pesetas as compensation for their capital losses after the civil war, is another reason for the unions' forthcoming, compliant attitude.

With regard to the cost of money, not even the administration is in a position to know how things will develop. The economy and commerce minister has merely said for now that there will be no shortage of money. "The amount of credit for the private sector will increase by three percentage points above the inflation rate," Garcia Diez asserted.

For its part, the Bank of Spain does not want to abandon its orthodox monetary policy and has explained to economic policy makers that that percentage growth



in the amount of credit must not be considered the main objective to be achieved, even if it is attainable.

### Is There Money for Everyone?

The employment pact and the economic policy that the government has formulated to spur it on need funds, above all. In 1982, aside from the new four-party agreement taking effect, the government will be starting up its Public Investment Program, an idea conceived when Jose Luis Leal was economy minister.

Representatives from the seven major investing ministries have worked out a program calling for 800 billion pesetas in investments in 1982 (to which another 25 billion can be added), earmarked mainly for infrastructure projects (railways, water projects, roads, etc), for overhauling sectors in crisis, for keeping productive sectors going and for working out regional development, housing and energy plans.

Is this amount of public investment compatible with an increase in affordable credit for the private sector? This is the big question that businessmen are asking themselves right now, and the answers are as diverse as the conditions of the businesses or sectors in which they are involved.

The concerns do not stop there. The employment pact will entail injections of State money of around 401 billion pesetas (some 170 billion in new funds), which combined with the 800 billion under the public investment plan, brings the total State input in 1982 to more than 1.2 trillion pesetas.

These new developments will surely further heighten the tensions in relations between the Treasury and the Bank of Spain, while necessitating greater control over the targets and efficiency of public spending. Public Works and Urbanism, Transportation, Education and Agriculture will likely reaffirm their by now traditional role as the major conduits of state investments.

### Patching Up Industry

Another basic government economic policy tool that also fulfills business aims (the rise in the stock market [see page 62 and ff] clearly shows this) is the industrial reconversion decree-law, which is designed to "achieve the rationalization of production processes and their adaptation to the demands of economic and technological development and to specific market conditions."

The new legal code tries to address expressly and in general the critical situations in industry, and therefore it is not accurate to describe it as "reindustrialization," the term that has been used in the United States to categorize the new industrial processes on which the country's future development will be based.

Ignacio Bayon told Unesid businessmen that "the new law does not aim at reducing production capacity; rather, it seeks to tailor supply to demand and to act on productivity by cutting costs." The differences between cutting production capacity and reducing supply capacity, which is what many industrial

subsectors need, can perhaps be appreciated only by the industry minister, inasmuch as in 1980 industrial activity as a whole posted negative growth of 1 percent.

"High growth periods are typical of eras with investments in specific sectors of the economy." These words of Schumpeter's embody much of the philosophy of reindustrialization and are in clear contrast to the new Spanish law, which is more concerned about weathering the industrial crisis than about launching a new and determined industrial policy.

#### Where Does the Future Lie?

Spanish industry's loss of vitality, as it is traditionally understood, has been in evidence since 1976. That year, industry's share in the gross domestic product (GDP) was 31.7 percent. By 1979 the share was 28.3 percent.

Shipbuilding, iron and steel, household appliances and textiles are among the depressed industries today. In 1970, iron and steel was the second largest field of industrial investment, attracting 11 percent of all investments. By 1979, it was attracting just 3.1 percent. Textiles and ready-made clothing attracted 6.3 percent of total industrial investment at the beginning of the 1970's (1973), but their share had dropped to 1.5 percent by 1979. Another example: machinery and capital goods took in 9.6 percent of the country's industrial investments in 1973; 6 years later, they accounted for just 2.1 percent.

Should these industries be revitalized or, on the contrary, should new investment be channeled into other branches of activity? This question has apparently been resolved by the Ministry of Industry, which has leaned towards the first option, even though all the experts consulted by this magazine agreed that a preponderant role had to be assigned to the second.

"The decree could mean the continuation of the patchup policy pursued in recent years," a ranking administration official told this magazine before criticizing the absence of a government industrial policy. The 25 billion pesetas in official credit that the government has pledged for the overhauling of businesses in crisis-ridden sectors are insufficient (Ensidesa alone lost a trifling 15 billion pesetas in 1980) and, moreover, are perceived to be far from profitable and incapable of furnishing the country a new generation of industries that can compete during this decade.

Where does the future lie? The absence of an industrial policy has led the administration to seek the future in the 1970's, just when Spain began to decline as the number 10 industrial power.

#### Back to Protectionism

The reindustrialization decree has been viewed by some observers as a return to protectionism. The crisis-beset sectors, which obviously cannot be abandoned, will enjoy tax, financial and labor advantages so that they can try to put their respective houses in order.

The Ministry of Industry's way of dealing with the industrial crisis brings to mind the theories voiced last summer by the CEOE to the studies team of the Savings Banks, which advocated financial housecleanings but through a policy of looking towards the future instead of preserving the past. From now on, many businesses will be able to benefit from the new State cushion, in exchange for the government declaring the industrial area in which they operate as a "sector in crisis." The criteria governing such a declaration and when it ought to be made are important facets that the decree omits, although it does set 31 December 1982 as the deadline for claiming its benefits.

In light of the advantages that the decree offers, we can foresee an avalanche of requests for the status of a sector in crisis. Is the automobile industry a crisis sector? What criteria will Industry apply to so declare it? What about footwear and the paper industry? Events will highlight two major shortcomings of industrial policy: the lack of clear-cut, forward-looking criteria for Spanish industry and of enough money to meet all of the needs of reconversion.

As if this were not enough, we still have to wonder about the beneficial impact that the decree will have on employment. Industrial overhaul necessarily hinges on cutting labor costs, for which the policy of wage restraint or freezes is a required condition but not the only one.

Once again, the absence of new industrial objectives (by this time the government ought to be aware of its industrial investment priorities) makes us wonder about whether or not it is advisable to pursue a policy of repairing damages which, presented under the guise of reindustrialization, will prevent the current structure of Spain's industrial system from being changed.

### The Pact in Figures

Employment pledge: 350,000 new jobs

Wages: A 9 to 11 percent wage range with a half-year review clause if the consumer price index as of 30 June is up more than 6.09 percent. The review rate for officials will be eight percent, plus one percent for productivity.

Pensions: The pension revaluation rate for pensioners under the General State Budgets will be 9 percent, and the revaluation rate for Social Security pensions will be 10 percent.

Protection for the unemployed: A special 15 billion peseta fund. The amount of funds earmarked for community employers is raised to 20 billion pesetas. Unemployment insurance for nonmigrant field workers and extension of eligibility periods for unemployment subsidies.

Job promotion measures: 14 billion pesetas to subsidize the hiring of jobless individuals by rebating 90 percent of Social Security contributions. Early retirement at age 64 with 100 percent of pension rights. A 10 percent surcharge on Social Security contributions for nonstructural or unavoidable overtime.

State contribution to Social Security: 350 billion pesetas.

#### False Reindustrialization

Objective: To rationalize production processes and adapt them to the demands of economic and technological development and to market conditions.

Tax measures: 99 percent rebates from numerous tax sources; special arrangement for deferring or dividing up tax debts prior to 1981.

Financial measures: System of guarantees and credits through the ICO or the agency specified in each case. Loans earmarked to finance industrial revamping are expanded to 19.6 billion pesetas, and a special 5.5 billion peseta credit is provided to meet the obligations stemming from the decree-law. ICO guarantees and credits are set at a maximum of 15 billion pesetas. The ceiling of INI (National Institute of Industry) guarantees is raised.

Labor measures: When a sector is declared "in reconversion," it can amend, suspend or cancel labor relations or geographical mobility. Retirement assistance and deferral of severance pay, as well as a possible exemption from Social Security contributions if the workday is reduced or suspended.

8743

CSD: 3110/117

## FOREIGN INVESTMENT UP, WILL KEEP RISING

Madrid ACTUALIDAD ECONOMICA in Spanish 25 Jun 81 pp 24-26

[Text] Over the first 5 months of the year, the foreign investments authorized by the Council of Ministers (which are equivalent to more than half of business capital stock) have hit 27.78 billion pesetas, a 4.5 percent increase over the same period last year. The percentage by itself is meaningless, but if we bear in mind that 1980 was a record year for foreign investment, the number takes on greater significance.

Foreign investment developments have surprised nationals and foreigners alike, and all indications are that the surprise is going to be even greater in the wake of events in recent days. The reaction of Spanish markets to the signing of the employment agreements and the reindustrialization decree, among other factors, has also affected foreign investment.

We must acknowledge that the massive influx of French capital into Spanish markets has been due more to the political changes in our neighbor and to the economic policy begun by the team headed by Jacques Delors than to the mere appeal generated by recent developments. But France is not the only country from which outside money is flowing in; sizable amounts are also coming from Germany and Switzerland.

Although it is true that stock market money is not entered in the books of the General Directorate of Foreign Transactions, we should not downplay it as an indicator of the potential flood of outside money that experts feel is on the way. Spain is still one of the most attractive countries for foreign investors, although we still do not believe that here.

## The United Kingdom in the Lead

One of the surprises in the ranking of investor nations is the first place standing of the United Kingdom with a total of 6.451 billion pesetas. The reason is not, however, a greater influx of investors from the British Isles but rather the purchase of the Bank of Valladolid by Barclay's, which represented an inflow of 3.2 billion pesetas, about 80 percent of total transactions from that country.

Switzerland with 5.516 billion pesetas, Germany with 3.483 billion and the United States with 2.66 billion are next on the list, maintaining their



traditionally high rankings. We should perhaps underscore the major investment surge from Switzerland, which practically quadrupled the figure for the first 5 months of 1980.

The 15 Main Investors (authorized investment by country of origin from January to May 1981, in millions of pesetas)

Country	Amount	Percent of Total
United Kingdom	6,451	23.2
Switzerland	5,516	19.9
Germany	3,483	12.5
United States	2,659	9.6
Spain	2,409	8.7
France	1,631	5.9
Luxembourg	1,589	5.7
Liechtenstein	1,545	5.6
Holland	876	3.2
Belgium	440	1.6
Italy	336	1.2
Sweden	241	0.9
Panama	168	0.6
Finland	116	0.4
Japan	108	0.4

As far as the use of the funds is concerned, there is no reason to believe that there are preferences for one sector or another, except in the specific case of commercial banking in connection with the Barclay's transaction. The biggest numbers in other sectors generally involve isolated operations, as in the case of the glass industry, which is in the forefront with 1.168 billion pesetas from the Vicasa-Cristaleria transaction.

The same holds for property construction with 1.212 billion and the "other housing" sector with 2.316 billion, which involve major transactions such as the Cristobal Colon group's and others. We should, in any case, single out a few groups in this general context, such as rubber processing, with a total of 2.319 billion pesetas, and the manufacture of equipment and machinery for mining, construction and public works, where investments totaled 1.12 billion pesetas. The rest of the investment figures for subsectors range from 285 million pesetas in the wholesale food trade to 819 million in the crop farm sector. This does not, of course, include the 6.416 billion pesetas in the category of other sectors, which represent the total of the small investments channeled into Spain.

Foreign investment continues to rise. Spanish investors need only perk up now to confirm that the crisis has touched bottom. The events of recent days seem to be spreading a contagious optimism among foreign and domestic investors. An illustration of this is the comment by the president of the Central Bank, Alfonso Escamez, on the occasion of the general board meeting: "It is not true that foreigners have more faith and trust in the Spanish economy than we do, inasmuch as they have it because we instilled it in them." How's that for optimism?

## MUMCU EXAMINES PUBLIC SECTOR ILLS

Istanbul CUMHURİYET in Turkish 11 Jun 81 pp 1, 9

[Article by Uğur Mumcu in the column "Observation": "In the Public Sector..."]

[Text] We have been unable to debate many of our nation's major problems because of terrorism. In the days when people were being killed in the streets every day, there was no "psychological" climate, at least, to attend to anything other than terrorism. This is why the newspapers -- justifiably -- had no room for any topic other than terrorism.

One of the problems of concern to millions of people in our country has to do with the legal order and financial rights of the workers and civil servants employed in the public sector.

During the years when I worked as an administrative legal aide at the Ankara Faculty of Law, I prepared a doctoral thesis on the "Worker-Civil Servant Distinction," which was a crucial question of the time, and submitted it to our present Labor Minister Prof Turhan Esener, who was then head of the Labor Law Department.

Who was a worker? Who was a civil servant? It seemed as though practically no legal standard existed to make this distinction. Then when the era of collective bargaining arrived, those working under civil service status wanted to shift to worker status with the privileges which employment as a worker in the public sector afforded. On the other hand, the administration stood firm on the civil service status of public employees. The laws could not provide a very clear or very definite solution to this problem. Legal rulings were in conflict.

The events which occurred in this dispute are not without interest. For example, while the director general of one public establishment was employed in worker status, his office boy had civil service status; a deputy mayor's official chauffeur drew a much higher salary than the deputy mayor, who had civil service status; and bureaucrats appointed to an upper-level directorate general of a state company got "promotion severance pay."

If any of you wonder how in the world this sort of thing can happen, you should call the TPAO [Turkish Petroleum Corporation] Directorate General. In past years, for example, a bureaucrat who was director general of BOTAS [Pipe Lines

and Petroleum Transport Corporation], a subordinate organization of the TPAO, was appointed to the superior TPAO Directorate General, collected his million or two liras' "severance pay" from BOTAS and moved up to the TPAO Directorate General.

There is simply no way to avoid similar problems unless the personnel regime in the public sector is radically changed.

Yet another problem encountered in this confusion is the one called "early retirement." Many people under 40 who are professionals in their field have submitted retirement applications, expressing the concern: "Let me draw my retirement pension and buy a house to live in," thus joining the "army of young retirees."

Certainly, there is nothing defensible about early retirement in any order, whether socialist or capitalist. When a healthy person retires at age 40 or 45, it is a loss both to the public establishment where he worked and to the nation's economy.

You may say, "But there are reasons." This is true; there are reasons...

On the one hand, the daily-growing cost of living and, on the other, the partisan pressures, lay-offs and purging mechanisms which savage the state bureaucracy are among the reasons forcing early retirement. The 40-year-old public retiree tries to find a job elsewhere, seeking a way to hold on to that house.

So you see, he is on the job circuit again, pressed by economic woes.

The solution of all these problems depends on devising a legal order for public sector employees under the principle of "equal pay for the same job" and on the formation of this legal order through the process of "collective bargaining" and "participation in management."

Certainly, others will have other solutions.

But let us speak without prejudice: Which views and practices resulted in the difficulties encountered and the disorder being experienced in the public sector today?

8349

CSO: 4654/38

## NEW DIRECTIVE ISSUED ON PREPAID TAX

Istanbul CUMHURİYET in Turkish 11 Jun 81 p 1

[Text] Ankara(ANKARA AGENCY) -- The Finance Ministry has published a new communique clarifying the basis for prepayment of income taxes.

The Finance Ministry communique states that in the event of the taxpayer's leaving his job or of his death, the portion of the specified advance payment will be determined on a basis of 360 [as published] days per year and the excess will be returned within the framework of regulations attached to the amendment of the Tax Procedure Law.

The communique reiterates the rule envisaging different periods for submission of statements in the event of death or leaving the country and notes accordingly that, in the event of death, statements are to be submitted within 4 months of the date of death, while in the event of leaving the country, submission of statements is required 2 weeks in advance of departure. Also, in the event of death, the rights and obligations of the taxpayer devolve upon the legal heirs not disinherited and, for this reason, the prepaid tax will be collected in the normal three installments pertaining to the active periods and excess amounts collected will be returned to the taxpayers.

The Finance Ministry communique also clarifies the status of taxpayers who have taxes withheld from income earned by reason of independent professional activities. In order to prevent duplicate advance taxation of independent professionals, they may deduct income taxes which they have paid by means of deduction from payments made to themselves by reason of independent professional activity during the current year by submitting a document showing the date and total amount of the deducted taxes paid, the tax office to which they are responsible and the account number.

In this context, should there be an objection to the amount of prepayment, objections on which the Central Special Committee rules will be published in the RESMİ GAZETE and also sent to the governors' offices and the necessary procedures on the redesignated rates will be undertaken immediately by the tax offices. Any excess found to have been collected as a result of redesignation will be returned to the taxpayers.

## LARGE POTENTIAL FOR TRADE WITH SAUDI ARABIA REPORTED

Istanbul HILLIYET in Turkish 16 Jun 81 p 3

[Text] Ankara, Special -- The Union of Chambers delegation which went to Saudi Arabia returned home with positive impressions, having found that a demand exists which could promote a business volume with Saudi Arabia in excess of \$5 billion. The delegation also reached a unity of view with Saudi Arabian authorities on the establishment of a Turkish trade center in Jiddah to acquaint Saudi Arabians with Turkish export goods.

The delegation released the following statement on the results obtained in Saudi Arabia:

"Intensive and continuous efforts should be exerted for cooperation both between governments and business by Turkey and Saudi Arabia, which has the largest oil income in the Middle East and spends huge sums on investment and consumption in all areas, having annual expenditures approaching \$100 billion.

"For our businessmen in particular the potential exists for establishing partnerships with Saudi Arabian businessmen, especially in marketing, to conduct business on a broad scale in this nation.

"It was determined that a demand exists which could produce as soon as possible a volume of business for us in excess of \$5 billion, primarily in foodstuffs such as fresh meat, fruits and vegetables and in such areas as textiles, construction materials and engineering and contracting services. In fact, the businessmen in the delegation established important links with Saudi Arabian businessmen and companies during these contacts. Unity of view was reached with the Saudi Arabian authorities on the establishment of a Turkish trade center in Jiddah to acquaint Saudi Arabians with our export goods.

"The Saudi Arabians, who have a large tourism expenditure, prefer Turkey as a country most compatible with their mores and customs. A preliminary agreement was reached on joint investments with Saudi Arabian businessmen for the establishment in Turkey of tourist spots especially for Saudi Arabian tourists.

"It is necessary to resolve as soon as possible Turkey's awful problems in air and surface shipping, especially for shipment of fresh meat and foodstuffs."

8149

CSO: 4654/35



## MUSLIM COUNTRIES AWARD CONTRACTS TO TURKISH FIRMS

Istanbul TERCUMAN in Turkish 16 Jun 81 p 9

[Text] Ankara (ANKARA AGENCY) -- Sixty-five Turkish companies have been awarded \$5.2 billion in contract jobs abroad, it was announced.

According to data gathered by the Finance Ministry Treasury Directorate General and submitted to the National Security Council, Libya has more contracts with Turkish firms than any other country. There are 38 firms in Libya with contracts worth \$3,539 billion, 16 in Saudi Arabia with contracts worth \$864 million and 8 in Iraq with contracts worth \$518 million.

Meanwhile, 306 other firms in addition to those which now have contracts are seeking contracts abroad.

## Foreign Exchange

The Turkish firms working abroad have brought in \$176 million in foreign exchange to date. The companies in Libya hold first place also as to foreign exchange brought home with a total of \$139.6 billion.

The sum of the letters of guarantee given by the Turkish firms in exchange for the contracts they won abroad, meanwhile, is \$743 million.

Data on the Turkish firms working abroad is given in the table below.

Contracts Abroad

Country	Number of Firms	Value of Contracts (\$ millions)	Foreign Exchange Earned
Libya	38	3,539	136.9
Saudi Arabia	16	864	17
Iraq	8	518	2
Jordan	4	35	---
Abu Dhabi	2	35	.9
Kuwait	3	11	1.3
Others	6	---	---
Total	77	5,002	175.6

## LARGE INCREASE IN TIR TRAFFIC REPORTED

Istanbul TERCUMAN in Turkish 17 Jun 81 p 3

[Article by Yalcin Egilmes]

[Text] Turkey, as an important transit point between the Middle East and Europe in international carriage, has seen a large increase in TIR [International Highway Transport] traffic since 12 September, it was announced by local and foreign carriers.

Saffet Ulusoy, president of the international carriers association, announced that Head of State General Kenan Evren's assertion of the power of the state since 12 September over persons and organizations working to the country's detriment in highway transportation had a lot to do with this and said, "In particular, the decree issued after 12 September ended the practice of paying reciprocal passage fees between nations. Also, those who acted like a transportation Mafia were brought in line."

## Daily TIR Traffic at Kapikule and Gurbulak Up

Erdogan Senay, owner and chairman of the board of the Ersoy Shipping Company, said that the post-12 September practices had brought a large increase in traffic through the border gates. He said: "In addition to the public safety and peaceful climate which 12 September created in Turkey, it also lifted certain practices which had been festering for years. Reciprocal international passage fees in TIR traffic were lifted. This accomplished a \$500-million savings of foreign exchange for our country. Also, foreign TIR drivers are happy about not having to wait at customs, as well as safety of life and property when entering and leaving Turkey. According to our intelligence, about 200 TIR trucks per day were crossing into Iran prior to 12 September, a figure which has risen to between 425 and 500 in recent months."

Meanwhile, TIR drivers working the route from Europe to the Middle East point out that the wait at the Gurbulak border gate has been eliminated and agree on the view: "We like the 12 September action as much as the Turks. Before 12 September we were not safe on the roads. We had to wait for days at the gates. Sometimes it took us a week and a half in Turkey from entering at Edirne to leaving at Gurbulak. But now we can pass through without waiting. We used to make one trip a month, now we make several. If we had an accident, we were afraid to go into a city to call our country to report it, we were afraid our truck would be stolen. Now all of this is over. Clearly there is a great deal of vitality in TIR carriage in Turkey at this time."

Meanwhile, the government allocated to TIR investment 65 percent of encouragement certificates given from January to April 1981 for the purpose of strengthening TIR carriage.

## CREATION OF TAX POLICE ORGANIZATION PROPOSED

Istanbul MILLIYET in Turkish 11 Jun 81 p 3

[Article by Rafet Genc]

[Text] Ankara -- Efforts are under way on the draft "Tax Organization Law" which covers all aspect of tax oversight and whether taxes are paid.

This draft envisages the formation for the first time in Turkey of a "Tax Police." The tax police would operate as the financial police do, being fully authorized by law and able to initiate legal proceedings when necessary. The tax police would have the authority to check any organization at any time, pull out inventory, decide what stages it had gone through since the tax was imposed and where tax evasion had taken place and send the information to the legal competent authorities.

Operation of the tax police as in the United States and other European countries has been adopted in principle.

According to the draft, the "Tax Administration Directorate General," under the Finance Ministry, will be charged with enforcement, assessment and classification of all taxes. If the bill is enacted, the Tax Administration Directorate General will replace the Revenues Directorate General, which will be abolished.

The new tax administration will be provided modern equipment and all procedures necessary to ensure speed and efficiency nationwide will be followed.

One official said the following in this regard:

"Turkish citizens have to stand in line to pay their taxes at present. Our tax administrations are not in a position to enforce taxation unless the citizens comply. For this reason, it has been impossible to prevent the increase of tax evasion, no matter what we did, as long as taxation was not enforced. It cannot be done. Certainly, the long-standing efforts of the tax reform commission and the Finance Ministry have introduced many improvements in tax regulations, but the most important element, an organization to handle taxation from start to finish, unfortunately has not been created. What has to be done now is to create the necessary organization and ensure appropriate oversight of taxation. If this

organization performs well, hundreds of billions of liras in untaxed income which has been inaccessible to date to the Turkish administration will be generated, tax evasion will be prevented and the Turkish budget can take a deep breath.

"For this reason, Turkey has to put its finances on the footing of a modern statute to ensure effectiveness in taxes and to ensure that this effectiveness is constant by the formation of tax police."

After the major outlines of the draft have been made specific and the other articles put in draft form, the bill reportedly will be sent immediately to the Council of Ministers and from there to the National Security Council. The official said that the draft would definitely be out next month and the tax administration directorate general formed with the tax police subordinate to it.

#### Communique Published

The Finance Ministry released a communique designating the procedures to apply in the taxation of taxpayers subject to independent professional and prepaid taxes and envisaging speedy processing of prepayment claims and the refund of overpayments.

Procedures for payment of partial obligations were also clarified whereby taxes will be prorated on the basis of a 365-day year for taxpayers who quit their jobs during the year or whose jobs are considered terminated by reason of death and the excess will be deducted within the framework of regulations of the Tax Procedure Law.

Also, withholding taxes paid during the current year by independent professionals subject to prepayment may be deducted from subsequent prepaid taxes.

8349

CSO: 4654/36

## CIVAOGU OF 'MILLIYET' DISCUSSES EEC MEMBERSHIP ISSUE

Istanbul MILLIYET in Turkish 11 Jun 81 p 3

[Article by Guneri Cavaoglu in the column "Report": "EEC Membership and Our Contractors"]

[Text] Turkey has made known its intention to become a full member of the European Economic Community (Common Market). We will apply for full membership immediately after full restoration of democracy.

This decision seems to be a source of discomfiture at present for various circles and centers.

First among the discomfitted are those who want Turkey to split from the Western Bloc. Those who for years have kept alive their dreams of Turkey's shifting to the Socialist Bloc, those who consider our taking a place among the nonaligned and non-bloc nations as a "way station" can hardly be happy about our integration with those of Europe. A Turkey aiming for European political unity within the European Economic Community will have clinched its relations with the West.

However, they are not very important.

They have been trying for many years to divert Turkey from the Western path and, just when they thought they had achieved the goal, found that they were wrong.

Actually, what is important is "certain negative voices" coming from the industrial part of the private sector.

There are those who contend that our industry cannot compete with the developed industry of the West and will collapse.

These complaints may seem justified at first glance. Indeed, while customs walls are coming down, it may become impossible to sell our industrial products as European products are both cheaper and higher quality.

However, this is a very /reactionary/ [in boldface] view, a reflection even of a certain /laziness/ [in boldface]. Competition, the spirit of the private sector, takes a back seat to dynamism and creativity.



The contracting sector offers a most interesting example for our industrialists. Turkey had been giving contract work to foreign companies for years, while our contractors fought tooth and nail to combat this and, in the competitive process, reached a very advanced stage today.

Most domestic contracts now go to our own contractors. Their work is done well and gets completed. And further... Our contractors have moved out into the world. Turkish contractors have taken, and are taking, jobs of considerable size in the Middle East and Libya.

In Libya alone, the total volume of work in the hands of Turkish contractors is around \$3 billion. The number of Turkish workers in Libya alone is at present 60,000.

These are important figures. These figures offer a clear example of how Turkish business, with good management, good technology and good personnel, can compete comfortably with the giants of the West.

They mean it can be done.

And if we were to examine our contracting sector, we would see that most of today's giants have cooperated in the recent past with the big contractual firms of the West, have learned a lot and, at the least, have used Western technology and management and expertise.

Turkish industry ought not to be underrated. It has passed its infancy and pretty much left the experimental stage behind. In the future, our industry, too, can exhibit the shining success exhibited today by our contractors.

It is necessary not to fear competition, but on the contrary, to take advantage of the forward push that competition gives.

8149

CSO: 4654/36

## PRIVATE SECTOR REPORTEDLY SUPPORTS ENTRY INTO EEC

Istanbul TERCUMAN in Turkish 17 Jun 81 p 9

[Text] ECONOMIC SERVICE -- The Supreme Coordination Council of the Economic Development Foundation released a statement on the current status and prospects for the future of Turkish-EEC relations.

The release states that the Turkish private sector had sat in on the National Security Council meeting of 25 March 1981 and had unconditionally supported the historic decision that Turkey should become a full member of the EEC and that preparations for this purpose should begin immediately, with application being made as soon as possible.

It was recalled that the Foundation had published its views on three occasions in 1979 and 1980, calling for Turkish application for full EEC membership as soon as possible and the following views were expressed in the release:

"The similarities approaching equality seen in the basic principles on which Turkey and the European communities are founded reflect the reasons for the political preference underlying the partnership established with the Community and the resulting resolution of intent to join. The natural link on which this preference is formed has been gaining strength and continuity for some time through the addition of a new one in the economic area. The economic measures being assiduously applied today have firmly designated the nature of the Turkish economy as a 'market economy.' The Turkish private sector believes that this preference which constitutes an important step toward integration with the Community is definite and final and no longer susceptible to abrasion and degeneration through the effects of future political conflicts or doctrinaire views, because our nation will embrace this sound, market economy structure which grants equal possibilities to the public sector and the private sector as the product of its own hard work and dedication."

The view is also expressed that the Turkish private sector is aware that joining the EEC will not come easy, but on the contrary requires extraordinary effort and sacrifice and it is stated that the private sector is prepared to accept the challenge of membership with all it entails.

The release says that the Turkish private sector endorses these views as a whole. It will be submitted for information to the competent authorities by the executive board chairmen of the Turkish Chambers of Commerce, Industry and Stock Exchanges.

Who Is on Economic Development Foundation Supreme Coordination Council

Nejat Baştan, Mucahit Bektas, Saban Cavusoglu, Nejat Eczacıbaşı, Sinasi Ertan, Necdet Esen, Adnan Baser Kafaoglu, Jak Kamhi, Vehbi Koc, Ali Kocman, Nuh Kusculu, Halit Narin, Osman Ozbek, Basri Oztokin, Sakip Sabanci, Selcuk Yasar, Mehmet Yazar.

B349

CSO: 4654/36

## ALIAGA-NEMRUT TO BECOME INDUSTRIAL SUBCENTER

Istanbul CUMHURİYET in Turkish 11 Jun 81 p 7

[Text] Ankara (ANKARA AGENCY) -- Reconstruction and Resettlement Minister Serif Tuten announced that the Aliaga-Nemrut area, situated inside the Izmir metropolitan area, has been approved as a subcenter where large industry can be located on a regional and national scale. Speaking at the opening session of the Interministerial Reconstruction Coordination Council which met yesterday, Reconstruction and Resettlement Minister Tuten said that studies conducted by the ministry had also identified a second region with these qualifications in the Gulf of Iskenderun and that it would be impossible to find any other place with the potential for heavy industry of these two.

Others attending the meeting, hosted by Tuten, were Public Works Minister Onalp, Health and Social Assistance Minister Ayanoglu, Communications and Transportation Minister Ozgur and Tourism and Information Minister Evliyaoglu. Attending as observers were State Planning Organization counselor Yildirim Akturk and Prime Ministerate environmental counselor Rafet Erim.

The Interministerial Reconstruction Coordination Council discussed planning for the Izmir Aliaga-Nemrut industrial zone project. Reconstruction and Resettlement Minister Serif Tuten said that the Aliaga-Nemrut package project had been approved for implementation on 1 August 1978 and nationalized on the same date, and had been cost figured at 1,342,700,000 liras for services broken down under various headings such as electricity, dams-diversion lines, port, environmental research and housing. He said that the project, unable to be implemented for lack of funds, had been revived by the ministry and that a new cost account at 1980 prices had been made. According to current conditions, realization of the above services will require 10 billion liras, with 2.93 billion of that amount going for dam-diversion lines and mapping, he said. Tuten noted that the project was scheduled for completion in 1982 and said that necessary funds had to be appropriated in the budgets of the ministries and organizations concerned.

## GROWING PACIFIST BELIEF REAGAN RELUCTANT TO NEGOTIATE ARMS

Brussels LE SOIR in French 23 Jun 81 p 3

[Article by Jean Roussel: "Rise of Pacifism in FRG Weakens Mr Schmidt's Position"]

[Text] Bonn, 21 June. The lesson of the gigantic demonstrations in Hamburg is clear. Never before has the danger of a split among the political leaders and the rank and file of the parties--especially the SPD [Social Democratic Party of Germany]--been as great. Never before has a popular movement experienced the kind of breadth found in this one which, at this time in the FRG, has been able to win large segments of the two government parties, the judges, and a large portion of the younger generation.

Finally it is clear from here on in that Chancellor Schmidt's political survival will depend on Washington and, more specifically, on the attitude to be adopted by President Reagan regarding the opening of negotiations on arms reductions with Moscow.

The 19th Congress of the German Protestant Church, which has just ended in Hamburg, provided striking and sometimes shocking confirmation of these three fundamental facts of life.

For 5 days, the big Hanseatic city was the scene of gigantic demonstrations. On the eve of the closing, on Saturday, 20 June, a monster parade, which lasted more than 3 hours and which consisted of some 100,000 persons, stopped traffic. The theme of this parade was: No atomic weapons, no nuclear powerplants, never again war.

These three slogans by themselves summarized the content of countless discussions, lectures, working sessions, and proclamations that marked those 5 days which, we might say, right now, will go down in the history of postwar times. As a matter of fact, the nuclear issue was at the very focus of all demonstrations in Hamburg, both in terms of peaceful uses of nuclear power and even more so in the form of Euromissiles whose installation in Europe is under consideration.

The famous twin resolution of NATO, adopted at Brussels on 12 December 1979, calling for the installation of Euromissiles and the opening of negotiations, is the target of virulent criticism. It is behind a wave of hostility which has taken on such intensity that, abandoning his rather contemptuous attitude ("These are irresponsible utopians," it was said in his entourage), Chancellor Schmidt himself, as well as his defense minister, the socialist Hans Apel, went to Hamburg. There they answered many questions from persons attending the congress, with rather good grace.



One may well be astonished that it took a year and a half for a decision adopted in 1979 to begin to become the target of such hostility. The truth is that one phenomenon has come up which explains everything: After President Reagan came to power, especially after the numerous statements by his department heads, a constantly growing number of Germans is now persuaded that Washington in reality very much wants to implement the first of these two resolutions, calling for the installation of rockets, rather than going on to the second one. This is why in most of his statements and quite recently in an interview which he gave to the big liberal daily SUEDEDEUTSCHE ZEITUNG, Chancellor Schmidt emphasized his conviction according to which the White House is quite determined--before the end of the year--to open talks with Moscow on arms reduction. Referring to his latest trip to Moscow on 30 June 1980, Mr Schmidt said: "I have known for one year that Mr Brezhnev wants to negotiate and I have known for 6 months that Mr Reagan wants that also. We will press both of them so that these things will be seriously taken up."

The lesson which we must learn after the end of this congress--where the vast majority of participants was made up of young people--in effect is the fear among vast strata of the German population. The Chancellor who, like his defense minister, like the president of the Lower House, Mr Stuecklen, sometimes was the target of protests and rowdiness, understood that fully. Right now above all he is trying hard to reassure everybody.

5038

CSO: 3100/808

END

**END OF**

**FICHE**

**DATE FILMED**

**27 July 1981**

*QST*